

PURCHASE OF OUT-OF-STATE SERVICE

A.C.A. § 24-7-603

DEFINITION (Amended by Act 142 of 1997)

Out-of-state service is service rendered in any state except Arkansas in a position that would have been covered by the System had the service been rendered in Arkansas.

RULES (Amended by Act 524 of 1995, Act 206 of 1997, and Acts 110 and 866 of 1999)

1. Before July 3, 1989, in order to purchase out-of-state service, such service rendered in any state except Arkansas must have been for a minimum of 120 working days in a fiscal year.
2. Except for out-of-state service purchased on or after July 3, 1989, in-state and out-of-state service rendered in the same fiscal year may be combined to reach the required 120 days, provided the member had at least 30 days of both in-state and out-of-state service credit. Twenty (20) days shall be considered a month.
3. Fractions of years of service may be credited as provided by A.C.A. § 24-7-601.
4. Service credit purchased under the out-of-state provision shall be limited to a total of fifteen (15) years.
5. The cost to purchase out-of-state service is the employee and employer contribution rate in effect at the time of purchase times the greater of the first full year's annual salary the member received for Arkansas service immediately preceding the purchase or the average of the member's three highest salaries. If the member does not have at least three salaries comprising three years of service, the cost statement shall be based solely upon the first full year's annual salary for Arkansas service immediately preceding the purchase. If the member has not earned one full year of Arkansas service, no cost statement will be provided.
6. Interest is added to the cost:
 - A. If the cost is based solely on the member's first full year annual salary immediately preceding the purchase, interest will accrue from the end of that preceding year until paid in full.

- B. If the cost is based on the member's first full year annual salary that is not immediately preceding the year at the time of the purchase, interest will accrue from the end of the preceding year until paid in full.
 - C. If the cost is based upon the average of the member's three (3) highest salaries, interest will accrue from the end of the latest year used in the computation until paid in full.
 - D. Interest will accrue annually on any unpaid balance based upon the initial payment date.
- 7. If payment is not made in a single payment at the time of purchase, interest shall be added from the date of the initial payment until the date of payment in full. This shall apply to both the final average salary and previous year methods of calculation.
 - 8. The out-of-state service shall not become credited service under ATRS until:
 - A. The member payments specified have been paid in full, and
 - B. The member has established five (5) or more years of actual service.
 - C. Should a member cease to be an active member before the out-of-state service has been established as System-credited service, the member payments contributed will be refundable in accordance with Rule No. 8-6 (Cancellation of Purchase Service Accounts).
 - 9. Salaries for purchased out-of-state service are not recorded. In computing final average salary, only Arkansas salaries shall be used in the determination of the three (3) highest years.
 - 10. Purchased out-of-state service shall be credited to the year in which it was rendered and cannot be purchased if prior to 1937-38.
 - 11. Effective July 1, 1986, all purchased out-of-state service shall be counted as contributory service.
 - 12. Certification of out-of-state service or out-of-state private school service must be submitted to ATRS on a form provided by the System.
 - 13. Repayments of refunds or the purchase of service may be made by employer pick-up (tax-deferred deductions). See Rule No. 8-5 (Purchase Payment Rules).

14. ATRS will accept participant rollover contributions and/or direct rollovers of distributions for the purchase of service credit under certain circumstances. See Rule No. 8-4 (Rollover Acceptance and Distribution).
15. All rules pertaining to the minimum payments and payment methods are contained in Rule No. 8-5 (Purchase Payment Rules).

Amended: February 3, 2004
June 15, 2004
July 18, 2005
April 26, 2007